

## BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF )  
FALLS WATER COMPANY, INC. FOR ) CASE NO. FLS-W-04-1  
AUTHORITY TO INCUR DEBT. )  
\_\_\_\_\_ ) ORDER NO. 29620

On October 8, 2004, Falls Water Company (Falls Water, Company) requested authority to borrow \$250,000 through the State Drinking Water Revolving Loan Account administered by the Idaho Department of Environmental Quality (DEQ). Falls Water later increased the amount of its request to \$289,000 because the construction bids it received were higher than originally anticipated. According to Falls Water's Application, the loan proceeds will be used to upgrade the water system to keep pace with customer growth. The Commission, having fully considered the Application, attached exhibits, its files and records relating to this Application, and the applicable laws and rules, grants the Application subject to the reporting requirements discussed below.

### THE APPLICATION

Falls Water Company, Inc. is an Idaho not-for-profit corporation, which provides potable water to areas in Bonneville County, Idaho. The Company provides service to residential and commercial customers in a number of county subdivisions located north of the City of Ammon and northeast of the City of Idaho Falls.

Falls Water requests authority to borrow \$289,000 through the State Drinking Water Revolving Loan Account administered by the Idaho Department of Environmental Quality (DEQ). Falls Water will be required to repay the loan in bi-annual installments over 20 years at an annual interest rate of 3.25%. According to the Company, the DEQ will provide the funding and short-term construction financing necessary to complete the project, and Falls Water will sign a promissory note at the completion of the project. The loan requires a reserve account equal to one (1) year's repayment of principle and interest due on the agreement. The reserve must be established within five (5) years with a minimum 20 percent annual deposit.

The updated projected loan proceeds are allocated as follows:

1. Administrative Fees	\$ 17,500.00
2. Engineering Fees	30,575.00
3. Construction Costs	230,000.00

4. Contingency Costs	<u>10,925.00</u>
5. Total Loan Proceeds	\$289,000.00

Falls Water states that the loan is needed to make two upgrades to its distribution system that will bring it into compliance with DEQ water pressure requirements. The first upgrade will provide 2300 feet of 12-inch water line on Lincoln Road. This line will provide an additional trunk line under the railroad tracks that divide the water system's east and west zones. It will provide additional supply to an area that is currently without wells in the immediate vicinity. This water line will also increase water pressure to the Crimson Valley and Caribou Meadows subdivisions, which are currently experiencing water pressure levels below the required 40 psi during peak demand periods.

The second project will involve installation of 900 feet of 8-inch water main under the railroad crossing along John Adams Parkway in the Warm Springs and Centennial Ranch subdivisions in the south end of the water system. The water pressure in the Centennial Ranch area has been experiencing low water pressure levels during the last three years when under peak demand periods.

The addition of the two lines will provide the water customers with better water volume and looping for better reliability. Schiess and Associates, Falls Water's engineering firm, list both projects as priority number one in the Company's draft water planning study.

#### **DISCUSSION AND FINDINGS OF FACT**

The Commission finds that Falls Water is a water corporation within the definition of *Idaho Code* § 61-125 and a public utility within the definition of *Idaho Code* § 61-129. Therefore, the Commission has jurisdiction over this Application pursuant to the provisions of *Idaho Code* § 61-901 *et seq.* The Commission further finds that the Application reasonably conforms to Rules 141 through 150 of the Commission's Rules of Procedure. IDAPA 31.01.01.141-150.

After examining the Application and Staff's evaluation of it, the Commission finds that an evidentiary hearing in this matter is not required. The Commission further finds that the proposed transaction is consistent with the public interest and Falls Water's proper performance of its duties as a public utility.

The Commission finds that the general purposes to which the loan funds will be utilized are lawful purposes under the public utilities laws and are compatible with the public

interest. However, this is only a general approval and is not a finding of fact or a conclusion of law that the particular use to which these funds are to be put is approved by this Order. The issuance of an Order authorizing the proposed issuance does not constitute agency determination/approval of the type of financing or the related costs for ratemaking purposes. The Commission does not have before it for determination in this case and, therefore, does not determine the effect of issuance on rates to be charged by Falls Water to consumers in the state of Idaho.

Falls Water has met the Commission's requirements for public notice and paid the filing fee as provided by *Idaho Code* § 61-905.

As a condition of this approval, Falls Water shall file all final loan-related documents with the Commission. Furthermore, Falls Water shall timely establish a reserve account in accordance with the terms of the loan agreement.

#### **ORDER**

IT IS THEREFORE ORDERED that Falls Water Company, Inc. be, and the same hereby is, authorized to borrow \$289,000 through the State Drinking Water Revolving Loan Account administered by the Idaho Department of Environmental Quality.

IT IS FURTHER ORDERED that per the terms of the loan, Falls Water shall establish a reserve account equal to one (1) year's repayment of principle and interest due. The reserve must be established within five (5) years with a minimum 20 percent annual deposit.

IT IS FURTHER ORDERED that Falls Water shall file, as soon as they become available, all final loan-related documents with the Commission.

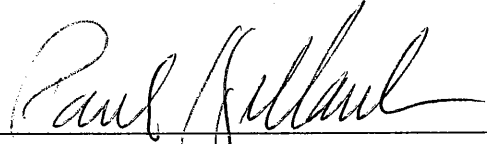
IT IS FURTHER ORDERED that the foregoing authorization is without prejudice to the regulatory authority of the Commission with respect to rates, utility capital structure, service, accounts, valuation, estimates for determination of cost or any other matter which may come before this Commission pursuant to its jurisdiction and authority as provided by law.

IT IS FURTHER ORDERED that nothing in this Order and no provisions of Chapter 9, Title 61, Idaho Code, or any act or deed done or performed in connection therewith shall be construed to obligate the State of Idaho to pay or guarantee in any manner whatsoever any security authorized, issued assumed or guaranteed under the provisions of Chapter 9, Title 61, Idaho Code.

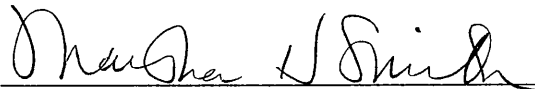
IT IS FURTHER ORDERED that issuance of this Order does not constitute acceptance of the Falls Water's exhibits or other material accompanying the Application for any purpose other than the issuance of this Order.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No. FLS-W-04-1 may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this Case No. FLS-W-04-1. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

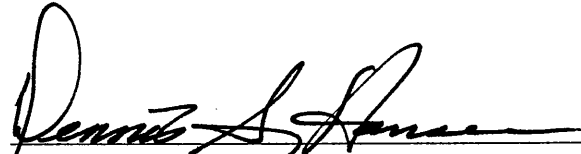
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho, this 27<sup>th</sup> day of October 2004.



PAUL KJELLANDER, PRESIDENT

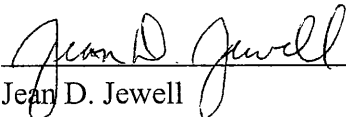


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell  
Commission Secretary

O:FLSW0401\_in